

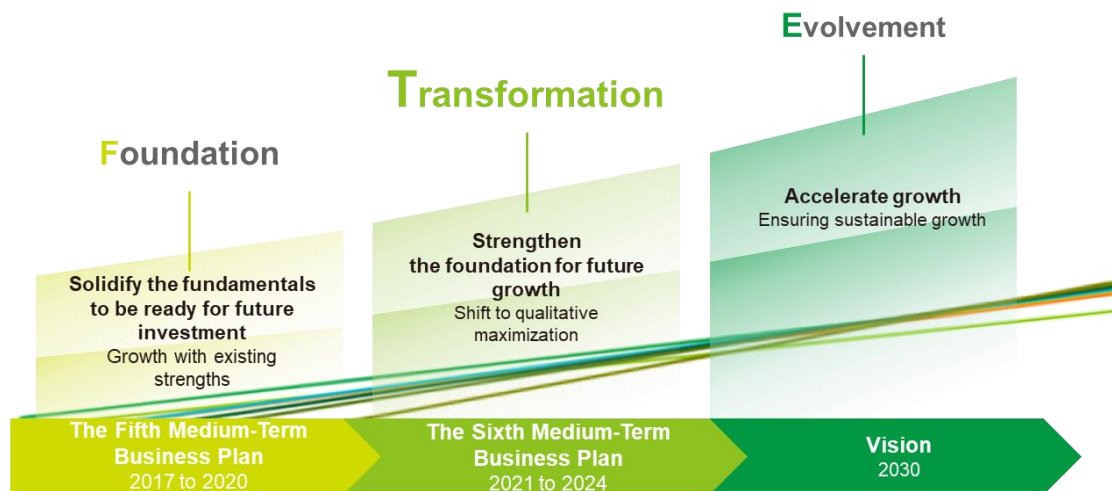
Formulation of the Sixth Medium-Term Business Plan “Transforming for Growth (FY2021–FY2024),” and a vision for FY2030

J-Oil Mills Group has defined its vision for FY2030 to achieve sustainable growth. In pursuit of this vision, we formulated the sixth medium-term business plan, Transforming for Growth, ending FY2024.

The business environment surrounding our Group is changing rapidly, affected by rising global demand for food, and climate change.

In drafting our sixth medium-term business plan, we have established a new corporate philosophy that represents the future we aim for, our mission, our value, our raison d’être. We have also introduced the new “communication brand” JOYL, a portmanteau of Joy and Oil. We will apply this new JOYL brand in corporate activities that are in line with our new corporate philosophy. We will also utilize the new “communication brand” to accumulate our value created in communications with all our stakeholders and turn this value into assets.

Aiming for sustainable growth by appropriately ascertaining rapid changes in the external operating environment and transforming for growth



We have positioned the four years of the sixth medium-term business plan—from FY2021 to FY2024—as a period of transformation to achieve future growth. In formulating the plan, we envisioned what kind of company we want to be in FY2030, taking into consideration challenges identified during the four years of the previous (fifth) medium-term business plan.

The strengths of J-Oil Mills Group lie in our customer contact points, technology, and materials, as well as in our ability to deliver these strengths to customers and propose solutions to solve issues they are facing by paying close attention to their voices. Going forward, we intend to further enhance such strengths, and by reinforcing marketing, R&D, production, and sales and facilitating collaboration among them, we intend to maximize the value we provide to customers as a Oishisa Design—deliciousness designing—company.

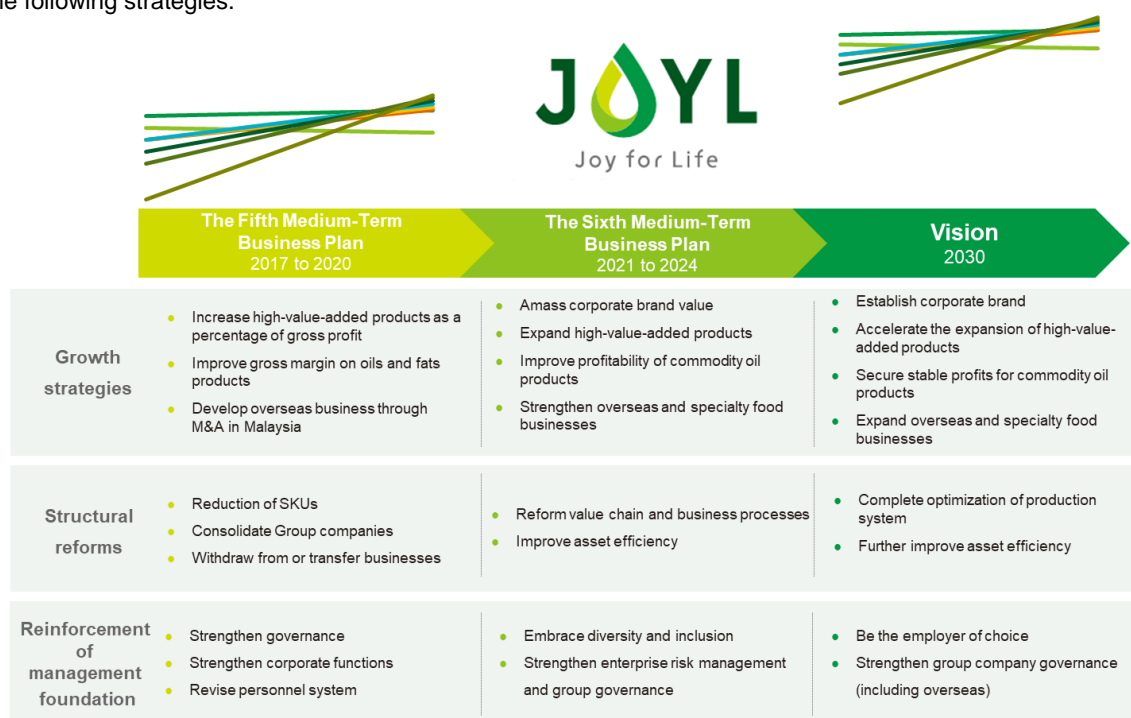
1) Numerical targets

Numerical targets for FY2024—the final year of the sixth medium-term business plan—and for FY2030 are as follows.

(Billions of yen)	FY2020 results	FY2024 targets	FY2030 targets
Net sales	164.8	220.0	250.0
Operating profit	6.7	11.0	24.0
Operating profit margin	4.1%	5.0%	9.0%

2) Strategies

To achieve the numerical targets above, we will transform into a growth company through implementing the following strategies.



(1) Marketing and brand strategy

We will work to increase enterprise value by drawing on the synergies among the new “communication brand” JOYL, customer-oriented marketing, and product development. Through this effort, we aim to become the company of choice for our customers for generations to come.

(2) Expand high-value-added products

- With our long-life oil “Sugoi Cho Toku”, developed using proprietary technology SUSTEC® 4, and Fry Eco-System, a new frying-oil solution, we will bring about a change in the professional-use frying oil market.
- The texture design business was created by revamping the former starch business. Primarily in the new TXdeSIGN series, we have developed products with such attributes as fibrous textures and expansibility by processing carefully selected starches with our proprietary technology. We will continue to create new textures suitable for various cooking scenes and food processing.

- Through partnering with Upfield GEC Limited, a globally renowned company in the field of dairy alternative plant-based food* (PBF), we have entered the dairy-alternative PBF market, which is expected to grow. We intend to create synergies between this business and our existing businesses, and develop it into a new earnings pillar.

*Plant-based alternatives to dairy products such as butter and cheese.

(3) Strengthen overseas business

With our proprietary technology and products, we will strengthen the texture business and businesses targeting the confectionery and bakery industries in the ASEAN region, and the fine materials and soybean sheets businesses in North America.

(4) Improve profitability of commodity oil products

While the grains market fluctuates substantially, we will work to improve the profitability of the mainstay commodity oil products business in Japan, through implementing pricing strategies and structural reforms with the aim of growing the business into a stable earnings base in the future.

(5) Reform value chains and business processes

For the supply chain, we will work to reduce inventory and SKU, stock keeping units counts, and to seek out partnering opportunities. In addition, we will also work to optimize back-office operations, utilize IT and DX initiatives, and reform business processes, with the aim of increasing efficiency.

- (6) We will allocate cash generated through FY2024—funds generated from the five strategies listed above and funds procured from outside—to growth investment including M&A and capital spending. Further, we intend to raise the dividend payout ratio to 40% by FY2024 and enhance shareholder returns.

Through above strategies, we will increase profitability and aim for higher levels of ROE and ROIC. ROE and ROIC targets are as follows.

	FY2020 Results	FY2024 Targets	FY2030 Targets
ROE	5.7%	8.0%	12.0%
ROIC	4.1%	5.5%	8.0%

As a food company, we will effectively and maximally utilize our business resources to deliver high-quality products to customers in a safe, secure, and stable manner, and create value throughout the entire value chain.

Further, as a public entity of society, we will pursue sustainability through promoting initiatives to counter and mitigate the impact of climate change and increase diversity in the workplace. We will also strengthen our risk management capabilities, and continuously contribute to society. Through these efforts, we will endeavor to meet the expectations of all our stakeholders.

###